

The Report of the Executive

The Executive met on Tuesday 14 November 2017. County Councillor Carl Les in the Chair. County Councillors David Chance, Gareth Dadd, Caroline Dickinson, Michael Harrison, Andrew Lee, Don Mackenzie, Patrick Mulligan, Janet Sanderson and Greg White.

The Executive met on 19 December 2017. County Councillor Carl Les in the Chair. County Councillors David Chance, Gareth Dadd, Caroline Dickinson, Michael Harrison, Andrew Lee, Don Mackenzie, Janet Sanderson and Greg White.

The Executive met on Tuesday 16 January 2018. County Councillor Carl Les in the Chair. County Councillors David Chance, Gareth Dadd, Caroline Dickinson, Michael Harrison, Andrew Lee, Don Mackenzie, Patrick Mulligan, Janet Sanderson and Greg White.

The Executive met on Tuesday 30 January 2018. County Councillor Carl Les in the Chair. County Councillors David Chance, Gareth Dadd, Caroline Dickinson, Michael Harrison, Andrew Lee, Don Mackenzie, Patrick Mulligan, Janet Sanderson and Greg White.

1. The Council Plan and Community Plan: The Council Plan is a key component of the County Council's policy framework, setting out the Council's objectives and how its resources are to be used to deliver those objectives. Ensuring the Plan is developed in a timely and robust manner is essential in order to drive forward the business of the Council and improve performance. The process is closely allied to the budget setting process as this clearly demonstrates the golden thread running through the Council's objectives, priorities and allocation of resources. For this reason the Council Plan will be submitted to the County Council on 21 February 2018 in tandem with the budget report. The Council Plan is intended to be the public expression of the County Council's vision and a longer-term strategic document designed to plot the Council's course over the next four years. The format has remained the same as the previous plan and a light refresh has been undertaken rather than a full rewrite, as the ambitions, priorities, approach and values remain relevant and appropriate. The refresh has focussed mainly on the content under each ambition, however the foreword, data pages and the funding section have also been updated.

The report is shown in full in the Appendices Booklet pages 4 to 37.

The Executive RECOMMENDS:

- a) The County Council approve the Council Plan 2018 – 2022
- b) The County Council authorises the Chief Executive to make any necessary changes to the text, including reflecting decisions made by the County Council on the budget, Medium Term Financial Strategy and updated performance data
- c) The County Council approves the recommendation that the Council ceases to have a community plan and that the requirement to have a community plan is deleted from the policy framework in article 4 of the Council's Constitution.

2. Medium Term Financial Strategy 2018/19 to 2021/22 and Revenue Budget for 2018/2019: the Executive considered this report on 30 January 2018 and this is shown in full in the **Appendices Booklet pages 43 to 145**.

Medium Term Financial Strategy: By the end of 2017/18 the County Council will have delivered £142m of savings. It is estimated, however, that a further £44m will be required from 2018/19 to 2021/22. The aggregate savings requirement of £186m broadly equates to a reduction of over a third in the Council's spending power since 2011. It is therefore essential that the County Council has a sound medium to longer term strategy to address this financial challenge. Whilst savings proposals of £33.6m have been identified from 2018/19 to 2021/22, there remains a projected residual shortfall of £10.7m by 2021/22 which will, subject to further refinement, need to be addressed in future years (**see Appendices Booklet page 43 paragraph 2.3**). £3.7m of Reserves is projected to be used in 2018/19 to support the underlying budget position which increases to £10.7m by 2021/22. The cumulative draw upon Reserves up to and including 2021/22 is estimated at £18.4m unless further savings proposals are brought forward and delivered in the interim (**see Appendices Booklet page 57 paragraph 3.7.6**). The MTFs for the period 2018/19 to 2021/22 is set out in **Section 3 (See Appendices Booklet page 45)** and **Appendix D (See Appendices Booklet page 90)** is recommended for approval (**paragraph 12.1 j, see Appendices Booklet page 79**).

Reserves and Balances: Given the level of risks facing the County Council, it is proposed that the existing policy target for the minimum level of the General Working Balance is retained at £27,270k for all years of the MTFs (**paragraph 12.1q, see Appendices Booklet page 79**).

Savings: Savings totalling £33.6m between 2018/19 and 2020/21 are proposed. £16.7m of these savings are new proposals and the remainder are broadly in line with the existing 2020 North Yorkshire Programme that was approved in last year's Budget / MTFs but provide for some re-profiling and a reduction in quantum of £0.9m (**Section 3.8 and Appendices E1 and E2 – see Appendices Booklet page 91**). Further areas of opportunity are identified to address the residual savings gap of £10.7m. These areas will be progressed and any required approvals will be sought (**paragraph 3.8.6 - see Appendices Booklet page 59**).

Investments: Investments are proposed as part of the 2018/19 Revenue Budget:-

- a) £10,816k is provided over the next two years to fund the cost of replacing the remaining streetlights with LED units to deliver the savings set out within the BES savings (**paragraph 3.9.1 and 12.1 i - see Appendices Booklet page 61 and 79**).
- b) £360k is provided for Members Highways Locality Budgets in 2018/19 and a review carried out to determine whether the scheme continues thereafter (**paragraph 3.9.1 and 12.1 h - see Appendices Booklet page 61 and 79**).
- c) £2.5m is provided for the rationalisation of property in Northallerton to deliver the recurring property savings. A further report will be brought to the Executive prior to any works commencing (**paragraph 3.9.1 and 12.1 g - see Appendices Booklet page 61 and 78**).
- d) A further £1.0m is earmarked for the 2020 North Yorkshire Programme to support delivery of the Programme in 2019/20 recognising the extension of the Programme and the period of austerity (**paragraphs 3.9.1 and 12.1 j - see Appendices Booklet page 61 and 79**).

Revenue Budget 2018/19: A net revenue budget of £361,551k, after use of Reserves, is proposed for 2018/19 (**Section 4.0**) and **Appendix D - see Appendices Booklet pages 62 and 90**) and the allocation of the net revenue budget be allocated to directorates, net of planned savings (**set out in Appendix E - see Appendices Booklet page 91**), in line with Appendix F (**paragraph 12.1 d - see Appendices Booklet page 78**).

Council Tax: It is recommended that a general council tax increase of 2.99% is agreed and is supplemented with a 2% social care precept (total increase of 4.99%), resulting in a Band D council tax level of £1,248.85 for the Council in 2018/19 (**paragraphs 3.3.10 and 12.1 c - see Appendices Booklet pages 49 and 78**). The MTFS also assumes a 2.99% increase in general council tax and a 2% social care precept (total increase of 4.99%) in 2019/20 followed by an increase in general council tax alone of 1.99% for each year thereafter up to and including 2021/22 (**paragraphs 3.3.1 to 3.3.10 and 12.1 j - see Appendices Booklet pages 48, 49 and 79**).

Section 25 Statement: The Corporate Director, Strategic Resources is obliged to offer a view of the robustness of estimates used in the Revenue Budget 2018/19 and the associated level of balances/reserves. The Corporate Director, Strategic Resources is satisfied that the report meets such a requirement but notes the need for an on-going approach to develop a savings plan that provides the basis for addressing the residual savings gap and any further shortfalls that may arise given the high degree of uncertainty in the current climate (**paragraph 8.11 - see Appendices Booklet page 75**). In recognition of many of the financial risks it is proposed that up to £1m of the Corporate Savings Contingency can be applied in any one year to provide for recurring financial pressures. It is proposed that authority is given to the Corporate Director, Strategic Resources in consultation with the Executive Member for Finance and that any applications are then reported to the subsequent quarterly revenue budget monitoring report (**paragraph 3.1.5 and 12.1 k - see Appendices Booklet pages 46 and 79**).

Other: The draft pay policy statement 2018/19 is set out for consideration and recommendation to County Council (**Section 6 and Appendix G - see Appendices Booklet pages 67 and 110**). An assessment of the key financial risks to the County Council has been carried out in **Section 9 (see Appendices Booklet pages 76 and 77)**.

Equalities: An overview of equality issues associated with the Council's budget proposals has been carried out and summarises the potential equality impacts in line with the Public Sector Equality Duty (**paragraphs 7.1 to 7.37 and Appendix H - see Appendices Booklet pages 68-72 and 117**).

The Executive RECOMMENDS:

- a) That the Section 25 assurance statement provided by the Corporate Director, Strategic Resources regarding the robustness of the estimates and the adequacy of the reserves (**paragraph 8.11 of the report - see Appendices Booklet page 75**) and the risk assessment of the MTFS detailed in **Section 9 (see Appendices Booklet page 76)** in the report are noted.
- b) That, in accordance with Section 42A of the Local Government Finance Act 1992 (as amended by Section 75 of The Localism Act 2011), a Council Tax requirement for 2018/19

of £287,757,993.86 is approved and that a Council Tax precept of this sum be issued to billing authorities in North Yorkshire (**Section 3.3 and Appendix A of the report - see Appendices Booklet pages 48 and 82**).

- c) That, in accordance with Section 42B of the Local Government Finance Act 1992 (as amended by Section 75 of The Localism Act 2011) a basic amount (Band D equivalent) of Council Tax of £1,248.85 is approved (**paragraph 3.3.10 and Appendix A of the report - see Appendices Booklet page 49 and 82**).
- d) That a Net Revenue Budget for 2018/19, after use of reserves of £361,551k (**Section 4.0 and Appendix D of the report - see Appendices Booklet pages 62 and 90**) is approved and that the financial allocations to each Directorate, net of planned savings, be as detailed in Appendix F of the report (**see Appendices Booklet page 109**).
- e) That in the event that the final Local Government Settlement results in a variance of less than £5m in any single year then the difference to be addressed by a transfer to/from the Strategic Capacity Unallocated Reserve in line with **paragraph 3.2.3** of the report (**see Appendices Booklet page 48**) with such changes being made to **Appendix B** of the report as appropriate (**see Appendices Booklet page 86**).
- f) That the Corporate Director – Children and Young People’s Service is authorised, in consultation with the Executive Member for Schools, to take the final decision on the allocation of the Schools Budget including High Needs (**paragraph 3.4.16, see Appendices Booklet page 53**).
- g) That £2.5m is provided from the Strategic Capacity Unallocated Reserve for the rationalisation of property in Northallerton from 2019/20 (**paragraph 3.9.1, see Appendices Booklet page 61**).
- h) That £360k is provided from the Strategic Capacity Unallocated Reserve for Members Highways Locality Budgets in 2018/19 (**paragraph 3.9.1, see Appendices Booklet page 61**) and that authority be delegated to the Corporate Director, Business & Environmental Services in consultation with the Executive Member for Highways to develop and implement proposals on how the scheme should operate.
- i) That £10,816k (split as £5,398k in 2018/19 and a further £5,418k in 2019/20) is provided from the Strategic Capacity Unallocated Reserve to complete the roll- out of the new LED units (**paragraph 3.9.1, see Appendices Booklet page 61**) in order to deliver the saving proposed (**BES 2 in Appendix E1 - Appendices Booklet page 103**).
- j) That the Medium Term Financial Strategy for 2019/20 to 2021/22, and its caveats, as laid out in **Section 3.0** and **Appendix D** of the report is approved (**see Appendices Booklet pages 45 and 90**).
- k) That the Corporate Director - Strategic Resources is authorised, in consultation with the Executive Member for Finance, to apply up to £1m of the Savings Contingency provided for within the Budget/MTFS in any one year to provide for financial pressures on a recurring basis and that any application will be reported to the subsequent quarterly revenue budget monitoring report (**paragraph 3.1.5 – see Appendices Booklet page 46**).
- l) That the Corporate Director – Business and Environmental Services is authorised, in consultation with the Executive Members for BES, to carry out all necessary actions,

including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix E (BES 1 to 6 of the report - Appendices Booklet page 103)**.

- m) That the Corporate Director – Health and Adult Services is authorised, in consultation with the Executive Members for HAS, to carry out all necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix E (HAS 1 to 14 of the report - Appendices Booklet page 99)**.
- n) That the Corporate Director – Children and Young People’s Services is authorised, in consultation with the Executive Members for CYPS, to carry out all necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix E (CYPS 1 to 12 of the report - Appendices Booklet pages 95-98)**.
- o) That the Chief Executive is authorised, in consultation with the Executive Members for Central Services, to carry out all necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix E (CS 1 to 13 of the report - Appendices Booklet page 95)**.
- p) That any outcomes requiring changes following Recommendations (l), (m) (n) and (o) above be brought back to the Executive to consider and, where changes are recommended to the existing major policy framework, then such matters to be considered by full County Council.
- q) That the existing policy target for the minimum level of the General Working Balance is retained at £27.27m (**paragraphs 3.6.4 to 3.6.5 and Appendix C – see Appendices Booklet pages 55 and 87**).
- r) That the attached pay policy statement (**Appendix G – see Appendices Booklet page 110**) covering the period 1 April 2018 to 31 March 2019 (**Section 6 – see Appendices Booklet page 67**) be approved.

3. Capital Plan: the Executive considered this report on 30 January 2018 and this is shown in full in the **Appendices Booklet pages 146 to 164**.

The Council’s Capital Plan to 2020/21 is put forward for approval (**paragraph 6.1 (a) and Appendix E - see Appendices Booklet pages 152 and 161**) – it totals £118.8m in 2017/18, £117.3m in 2018/19, £75.6m in 2019/20, £76.6m in 2020/21 and £61.4m in later years. Since the last update at Q2 there has been an overall re-phasing of expenditure from 2017/18 to later years as a result of slippage within the programme. There is an update on progress of some of the key capital schemes in the current Plan (**paragraph 4.1 to 4.4 and Appendix E - see Appendices Booklet pages 148-150 and 161**). Financing of the Plan is set out in (**paragraph 5.1 and Appendix F - see Appendices Booklet pages 151 and 164**) with the majority from grants and contributions. Forecasts suggest potentially unallocated capital resources of £5.4m over the life of the Plan. The County Council is considering an alternative approach to managing cash resources as treasury returns remain low. A number of alternative investments are being considered, which are likely to be classed as capital expenditure, such as the loans the County Council has provided to Limited Companies. Individual investment opportunities will be subject to review and approval by the Commercial Investment Board and Executive and will be included in the Capital Plan as opportunities are

developed.

The Executive RECOMMENDS:

- a) That the updated Capital Plan, summarised at **Appendix E** of the report (**see Appendices Booklet page 161**) which incorporates a number of specific refinements reported in **paragraph 4** of the report (**see Appendices Booklet page 148**) is approved.
- b) That no action be taken at this stage to allocate any further additional capital resources (**paragraph 5.4 - see Appendices Booklet page 151**).
- c) That it be a recommendation to the County Council that the Q3 2017/18 Capital Plan, as summarised in **Appendices A to E (see Appendices Booklet pages 153-164)** of the report be adopted.

4. Treasury Management: the Executive considered this report on 30 January 2018 and this is shown in full in the **Appendices Booklet pages 165 to 229**.

The Treasury Management Policy Statement (TMPS) is put forward for approval in line with Code of Practice requirements (**paragraph 10.1 (a) and Appendix A - see Appendices Booklet pages 173 and 175-179**). The TMPS sets out the Council's approach to managing risk associated with investments, cashflows, banking, money market and capital market transactions. The Annual Treasury Management and Investment Strategy and Minimum Revenue Provision Policy for 2018/19 is put forward for approval in line with Code of Practice requirements as detailed in (**paragraph 10.1 (b) and Appendix B - see Appendices Booklet pages 173 and 180-217**). The key elements of the strategy are set out in paragraph 4.2 and include the key limits relating to borrowing:

- an authorised limit (maximum amount that can be borrowed) for external debt of £348.9m;
- an operational boundary (the most likely level) for external debt of £328.9m.

Based on the Council's current capital spending plans, external debt is forecast to reduce from £287.5m in 2018 to £236.0m in 2021 (**paragraph 4.4 - see Appendices Booklet pages 166-167**). The climate for investments remains challenging with the number of suitably rated counter parties reducing due to stringent credit ratings criteria. As part of the monitoring and review of investment options, Property Funds have been identified as a potential investment option. As a result, Property Funds have been added to the schedule of Non-Specified Investments (**Schedule B of Appendix B - see Appendices Booklet pages 212-215**). In order to extend investment options to Property Funds, the maximum duration of Non-Specified Investments has increased 5 years and the total investment limit has increased from £40m (**paragraphs 4.18 to 4.20 - see Appendices Booklet pages 170-171**).

The Executive RECOMMENDS:

- a) That the Treasury Management Policy Statement as attached as **Appendix A (see Appendices Booklet pages 175-179)** of the report is approved

- b) That the Annual Treasury Management and Investment Strategy for 2018/19 as detailed in Appendix B of the report and in particular:
- i. an authorised limit for external debt of £348.9m in 2018/19
 - ii. an operational boundary for external debt of £328.9m in 2018/19
 - iii. the Prudential and Treasury Indicators
 - iv. a limit of £40m of the total cash sums available for investment (both in house and externally managed) to be invested in Non Specified Investments over 365 days
 - v. a 10% cap on capital financing costs as a proportion of the annual Net Revenue Budget
 - vi. a Minimum Revenue Provision (MRP) policy for debt repayment to be charged to Revenue in 2018/19
 - vii. the Corporate Director – Strategic Resources to report to the County Council if and when necessary during the year on any changes to this Strategy arising from the use of operational leasing, PFI or other innovative methods of funding not previously approved by the County Council
- c) the Capital Strategy as attached as **Appendix C (see Appendices Booklet pages 218-229)**
- d) that the Audit Committee be invited to review **Appendices A, B and C (see Appendices Booklet pages 175-229)** and submit any proposals to the Executive for consideration at the earliest opportunity.

5. Revision of Prudential Indicators: the Executive considered this report on 30 January 2018 and this is shown in full in the **Appendices Booklet pages 230 to 241**. In order to ensure compliance with the Prudential Code and to synchronise with the Council's Capital Plan it is necessary to revise and approve a set of prudential indicators which cover the period 2018/19 to 2020/21 (**paragraph 4.1 - see Appendices Booklet page 231**). These recommended indicators are set out in **Appendix A (see Appendices Booklet pages 232-241)** of the report.

The Executive RECOMMENDS:

- a) That the updated Prudential Indicators for 2018/19 to 2020/21 as set out in Appendix A of the report (**see Appendices Booklet pages 232-241**) is approved.
- b) That an Authorised Limit for External Debt of £348.9m in 2018/19 under Section 3(1) of the Local Government Act 2003 (**paragraph 3.4 of the report - see Appendices Booklet page 231**) is approved.

6. School Admission Arrangements 2019/20: the Executive considered this report on 30 January 2018 and this is shown in full in the **Appendices Booklet pages 242 to 283**. As the Admission Authority for all Community and Voluntary Controlled schools in North Yorkshire, the local authority consults annually on admission arrangements. The local authority is currently required to determine its admission arrangements, which includes

admission policy and admission limits, annually by 15 April each year. When changes are proposed to admission arrangements, all admission authorities must consult by 1 March on their admission arrangements. Where the admission arrangements have not changed from the previous year there is no requirement to consult, subject to the requirement that admission authorities must consult on their admission arrangements at least once every 7 years, even if there have been no changes during that period. Consultation must last for a minimum of 6 weeks and take place between 1 October and 31 January in the determination year. This means that schools are consulted in the autumn term each year for admissions nearly two years later. The process is, therefore, based to some degree on schools' best estimates of the numbers of requests for places informed by the local authority's forecasting model, which takes into account the patterns of parental preference over the years. Since the Council is the only body that may determine the matter, it falls to the Council in February each year.

The Executive RECOMMENDS:

That the proposed Admission Arrangements (**see Appendices Booklet page 245**) be recommended to the County Council for approval on 21 February 2018 these include:

- a) the proposed admission policy for community and voluntary controlled schools
- b) the proposed admissions policy for nursery schools, schools with nursery and Pre-reception classes, appendices 1 & 2 of the report (**see Appendices Booklet pages 247-251**)
- c) the proposed co-ordinated admission arrangements appendix 3 of the report (**see Appendices Booklet page 252**)
- d) the proposed In Year Fair Access Protocol appendix 3a of the report (**see Appendices Booklet page 274**)
- e) the proposed published admission numbers (PAN's) for community and voluntary controlled.

7. Appointments to Committees and Other Bodies: At the meetings held on 19 December 2018 and 20 February 2018 the Executive agreed that any proposals for the re-allocation of seats, if necessary to achieve political proportionality, or for changes to memberships or substitute memberships of committees, or other bodies to which the Council makes appointments put forward by the relevant political group, prior to or at the meeting of the Council, including those set out below be commended for approval.

The Executive RECOMMENDS:

West Yorkshire Combined Authority

- (a) That the amendment of the list of outside bodies in the County Council's Constitution to include, under Category 1 - Partner Bodies, the West Yorkshire Combined Authority - Business Innovation and Growth and Employment and Skills Panel is endorsed.
- (b) That the nomination of the following is endorsed:
the Executive Member for Open for Business, County Councillor Andrew Lee, to serve on the West Yorkshire Combined Authority - Business Innovation and Growth Panel
the Executive Member for Education and Skills, County Councillor Patrick Mulligan, to serve on the West Yorkshire Combined Authority - Education and Skills Panel.

CARL LES
Chairman

County Hall
Northallerton

13 February 2018